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ACDA/E DRAFT

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The Structure of Soviet Industry  
With Reference to the Production of Weapons

Purpose: The study is to provide information which would be useful in (1) the designing of effective systems for the limitation <sup>and monitoring</sup> of weapons production which could be applied to the Soviet Union with a high degree of confidence, and (2) estimating the impact of limitations on Soviet weapons production on the Soviet economy.

Scope: The study is to define, in detail, the industrial structure for the production, in the Soviet Union, of the ten categories of weapons listed in Stage I of the U.S. Treaty Outline, and of nuclear weapons. The time base is to be the present, or the most recent period for which reasonably comprehensive data are available.

With reference to the production of each of the indicated weapons the study would seek to establish:

- (a) the degree to which production or final assembly of particular end-items is concentrated or dispersed, and the degree to which significant patterns of location might be apparent;

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Excluded from automatic downgrading  
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(b) the source (including non-USSR sources), volume, and direction of the flow of the principal components, parts, and materials used in the final fabrication of the indicated weapons;

(c) the portion of the respective industry's total production represented by the production of particular end-items and principal subsidiary components, parts, or materials; measurement may be in terms of physical volume, value, manpower requirements or a combination of these;

(d) the degree to which production of end-items or of principal subsidiary materials, parts, or components is carried on in separate military-oriented production establishments; or in mixed military/civilian production establishments;

(e) the principal characteristics of the organizational and procedural relationships between the sectors and units of Soviet industry engaged in production for military purposes--(e.g., manner and chain of procurement and accounting, policing of specifications, responsibility for RDT&E);

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(f) the quantitative and qualitative characteristics of the demand arising from the production of end-items, and principal components, parts and materials, for power, transportation and manpower.

The study will, to the extent possible, identify trends in the patterns of relevant inter-industry relationships and project these forward as far as reasonable taking into account also the development of intra-Bloc trade and intra-Bloc industrial specialization, as these might relate to Soviet weapons production. It will also relate the findings concerning the Soviet weapons production structure to structural characteristics generally observable in Soviet industry.

Background: Varying degrees of limitation of weapons production, ranging from quantitative restrictions to prohibition, will find a logical and essential place in any major disarmament agreement. A control system for weapons production must be designed with a view to maximum effectiveness at minimum cost in terms not only of its implementation, but also of any interference with legitimate economic activity; in addition it must respect

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to the maximum extent the military and technical security of the affected countries.

It is clear that in many cases limitation and physical monitoring of weapons production at the final point of assembly is of limited usefulness and furthermore under some circumstances could be open to several serious objections. Therefore, ways must be found to supplement such controls as might be applied at the final point of assembly by recourse to the chain of production leading to the final point. The nature, depth, and focus of such recourse will be determined largely by the characteristics of the relevant inter-industry and inter-plant relationships, by the organizational and management patterns, in short, by the qualitative and quantitative features of that portion of industry which, starting with basic materials, serves the demand for weapons. There is reason to assume that many of the characteristics to be examined will be largely unique to the Soviet Union, which points up the need for a special study in this instance.

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The study should be so oriented that it will highlight those focal aspects of the Soviet weapons production complex which might realistically be utilized in designing a limitation and verification system, the latter involving physical or records inspection or both, and significantly buttressing the direct monitoring of end-item production.

Appraisal of the implications of significant arms control or disarmament measures for the Soviet economy is also of major interest, and the proposed study could produce valuable data in this connection. The Soviet government provided virtually no meaningful information on this question in its reply to the UN inquiry of 1961, on the economic and social consequences of disarmament. Comprehensive information on the economic implications of arms control or disarmament for the Soviet Union would help to identify the significant benefits and problems which might be encountered by the Soviets and aid in the projection of trends of Soviet economic and political power internally and externally under arms control or disarmament arrangements. Such information could also aid in the identification of Soviet motivations with

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reference to arms control or disarmament. While the proposed study is limited to an examination of the pertinent industrial structure it is recognized that this would form an important component in an over-all economic appraisal.

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